
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

TO: ALL TAXING UNITS

FROM: DEPARTMENT OF LOCAL GOVERNMENT FINANCE (DLGF)

**SUBJECT: ADDITIONAL APPROPRIATION/TRANSFER PROCEDURES
(IC 6-1.1-18-5, IC 6-1.1-18-6)**

DATE: JANUARY 2006

IMPORTANT NOTICE

The following serves as a revised update to the additional appropriation memorandum dated April 2005. **Please read this bulletin in its entirety.**

ADDITIONAL APPROPRIATIONS

The additional appropriation process is used to appropriate money in excess of the established current year budget. Although the fiscal body of a taxing unit must act on all additional appropriations, approval by the Department of Local Government Finance (DLGF) is only required for funds that receive revenue from property taxes levied under IC 6-1.1, the Motor Vehicle Highway Fund (IC 8-14-1-1), the Local Road and Street Fund (IC 8-14-2-4), the Rainy Day Fund and the Library Improvement Reserve Fund. Other additional appropriations must only be reported (Reporting Only funds) to the Department of Local Government Finance (DLGF). Since the DLGF acknowledges Reporting Only Funds, we need to see the financial information to see that the funds are there to support the additional appropriation request. **Therefore**, for pay 2005 and thereafter, we will require the 16-line statement to be completed for all Reporting Only funds. Additional appropriations from the proceeds of bonds and loans are "Reporting Only" and do not require DLGF approval unless the proceeds are deposited in a fund receiving property tax or state distributions. Additional appropriations from the Cumulative Bridge Fund, if the appropriations meet the requirements under IC 8-16-3-3(e), are also "Reporting Only" and do not require DLGF approval. The DLGF will only acknowledge the receipt of information for funds that are designated as "Reporting Only". In this process, there is a heavy reliance upon individual fiscal officers to provide the DLGF with accurate information. **The DLGF will approve additional appropriation requests only after tax rates have been certified for the County for the current year.**

State grant monies, such as Build Indiana grants, that do not require repayment and that are itemized and earmarked for particular expenditures do not necessarily need to be appropriated by the taxing unit in order to make such expenditures. The determination is under the assumption that the taxing unit receives the money up front and it is receipted into a separate

fund and is not a reimbursement to a previously established fund that requires an appropriation. Grant monies must be expended in accordance with the grant budget.

The following steps should be followed when obtaining additional appropriations (authority to expend funds) that were not included in the annual budget. **Units with departmentalized budgets should use these procedures when appropriations are reduced in one department and re-appropriated in another department within the same fund.**

STEP 1:

If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined by the DLGF budget order, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be published one time (in two (2) newspapers, if available) not less than ten (10) days before the public hearing on the proposal in accordance with IC 5-3-1-2(b).

Publication requirements have not changed in terms of the number of newspapers to be used or the number of insertions. **Legal notices for additional appropriations, whether or not they require approval of the Department of Local Government Finance ("Reporting Only" funds), must be published in two (2) newspapers in accordance with IC 5-3-1-4, not less than ten (10) days before the public hearing on the proposal in accordance with IC 5-3-1-2(b).** Political affiliation of the newspaper is no longer associated with legal publication.

Qualified publication as defined in IC 5-3-1-0.7:

“(a) As used in this chapter, "qualified publication" means a publication that:

- 1) is published daily, weekly, semiweekly, or tri-weekly;
- 2) is of general circulation to the public;
- 3) has been published for at least three (3) consecutive years in the same city or town;
- 4) has continuity as to title and general nature of content from issue to issue;
- 5) contains news of general or community interest, community notices, or editorial comment;
- 6) contains advertisements from unrelated advertisers in each issue;
- 7) has, in more than one half (1/2) of its issues published during the previous twelve month period, not more than seventy five percent (75%) advertising content;
- 8) has a known office location in the county which it is published; and
- 9) has been entered, authorized, and accepted by the United States Postal Service as mailable matter of requester second class or of the third class (as defined in 39 U.S.C. 3623) for the time published."

IC 5-3-1-4, which was amended effective January 1, 1996, covers the guidelines for publication requirements for all political subdivisions. A brief summary of requirements follows:

- **Counties - if only one** newspaper is published in the county, publication in that newspaper is sufficient.
- **City, Town, or School- if only one** newspaper is published in the municipality or School Corporation, publication in that newspaper alone is sufficient. If no newspaper is published in the municipality or School Corporation, then publication shall be made in a newspaper or newspapers published in the county

in which the municipality or school corporation is located and that circulates within the municipality or School Corporation. Also, the notice shall be posted:

(1) at or near the city or town hall or school administration building; or

(2) at the:

(i) public building where the governing body of the respective city, town, or school corporation meets; or

(ii) post office in the municipality or school corporation (or at the bank if there is no post office);

if the municipality does not have a city or town hall, or the School Corporation does not have an administration building.

- Township- **if there is only one** (1) newspaper published in the political subdivision, then the notice shall be published in that newspaper and if another newspaper is published in the county and circulates within the political subdivision in the other newspaper. If no newspaper is published in the political subdivision, then publication shall be made in a newspaper published in the county and that circulates within the political subdivision.

CROSS COUNTY UNITS

City, Town, or School- if a political subdivision has territory in more than one county:

(1) publish in **two** newspapers within boundaries of the political subdivision.

(2) **if there is only one** newspaper published within the boundaries of the political subdivision, then publish in that paper and in any other newspaper that:

a) is published in the county in which the subdivision extends

b) has a general circulation in the political subdivision.

(3) **if no** newspaper is published within the political subdivision's boundaries, then publish in two newspapers that:

a) are published in a county in which the political subdivision extends:

b) has a general circulation in the political subdivision.

(4) **if only one** newspaper is published in any of the counties in which the subdivision extends, then publish in that newspaper if it circulates within the political subdivision.

*****Qualified publications must circulate to not less than ten percent of the population of the county in which the qualified publication is published.**

(A sample Notice to Taxpayers and Proof of Posting are included in this memorandum.)

STEP 2:

The proper officers of the taxing unit shall hold the public hearing on the proposal as advertised. At the public hearing, action shall be taken to approve, reduce, or disapprove the additional appropriation as advertised. If the fiscal body tables the request until the following month, the additional appropriation does not have to be re-advertised. The tabling of the request must be stated publicly and included in the minutes of the meeting. The fiscal body shall not adopt appropriations exceeding the amount advertised. (A sample is included in this memorandum.)

STEP 3:

After the public hearing, the proper officers of the taxing unit shall file a Certified Copy of the final fiscal body approved amount, not to exceed the advertised amount, and any other relevant information with the Department of Local Government Finance. Information to complete this form can be obtained from the Department of Local Government Finance 16-line statement provided by the taxing unit's budget field representative. Line items are identified for ease in determining the appropriate figures. Samples of the Certified Copy of Additional Appropriation for funds requiring DLGF approval forms can be found at the end of this memo. **Please do not add lines or categories to the form.** The form follows the computerized data entry fields and when lines are added there is a risk that the numbers may not be entered correctly, resulting in denied requests or partial approvals.

When you are reporting a tax distribution received in the current year that is for taxes due from the previous year, please add this amount to line 8b as misc. revenue on the Certified Copy of Additional Appropriation and send in a revised form 2, showing them as previous year taxes received in the current year.

Entries on the certified copy and appropriations request should be to the nearest dollar. Do not include cents.

Reporting Only Funds:

As the final step for additional appropriations that are "reporting only" the fiscal officer of the taxing unit, shall report the additional appropriation to the Department of Local Government Finance in the form of a Certified Copy. (DLGF approval is not required.)

Funds That Require DLGF Approval:

After the public hearing, the proper officers of the political subdivision shall file a Certified Copy of the final fiscal body approved amount and the revised miscellaneous revenues Budget Form 2 (if applicable) with the Department of Local Government Finance. (Sample forms of all the required documentation are included with this memorandum.)

The unit does not need to send a copy of the resolution or ordinance, or copies of the proof of publication. The DLGF will rely on the Certified Copy of Additional Appropriations as verification by the taxing unit's fiscal officer that the required events (notice published, meeting held, and resolution passed) have occurred. The DLGF order approving additional appropriations is conditioned upon accuracy of the Certified Copy and the financial information provided.

STEP 4:

When the Department of Local Government Finance receives a Certified Copy for a proposed additional appropriation from funds that require the Department's approval, the DLGF shall determine whether sufficient funds are available during the calendar year for the proposal. The DLGF shall issue a written determination within 15 days of receipt of the proposal. The DLGF

shall limit the amount of the additional appropriation approval to revenues available, or to be made available, that have not been previously appropriated. The Certified Copy shall include the January 1 cash balance (including investments) and appropriations encumbered from the prior year(s). **The accuracy of the certified copy is certified by the fiscal officer of the taxing unit to the Department of Local Government Finance.**

If an appropriation is to be funded with income in excess of revenue estimates certified by the DLGF, then information supporting such additional revenue must be provided at the time of submission. If revenue is available from carry-over cash that is not encumbered from the previous year or the current budget, supportive evidence is not necessary. Increases in miscellaneous revenue must be shown by completing a revised Budget Form 2 (Estimate of Miscellaneous Revenues) detailing increase. If a Form 2 is not completed, the miscellaneous receipts will not be revised and the proposal will be denied for the amounts that cannot be funded. The revised Form 2 must show the new total amount of Miscellaneous Revenues – the amount previously reported, plus any additional amount available to be appropriated.

If information filed is incomplete, the Department of Local Government Finance will return the Certified Copy to the taxing unit.

STEP 5:

If the Department of Local Government Finance disapproves an additional appropriation, the reason for disapproval shall be specified on the written determination sent to the taxing unit.

STEP 6:

A taxing unit may request a reconsideration of a determination by the DLGF by filing a written request for reconsideration. A request for reconsideration must:

- 1) Be filed with the Department of Local Government Finance **within fifteen (15) days** of the receipt of the determination by the political subdivision; and
- 2) State specifically the reason for the request for reconsideration.

STEP 7:

The Department of Local Government Finance must act upon a request for reconsideration within fifteen (15) days of receipt. The Certified Copy of Additional Appropriations, any revised Form 2's (if applicable), and appropriation breakdown by fund and classification must be sent to:

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
BUDGET DIVISION
IGCN ROOM N1058
100 N SENATE AVE.
INDIANAPOLIS IN 46204

SUMMARY OF ADDITIONAL APPROPRIATION PROCEDURES:

1. Notice to Taxpayers is published at least ten (10) days prior to the taxing unit's public meeting on the proposed additional appropriation.
2. Public meeting is held on the date and time as advertised. Resolution/Ordinance is passed.
3. Appropriations that require DLGF approval are reviewed by the Department to insure that funds are available.
4. For all funds that are "Reporting Only", the unit must report the fund and amount appropriated to the Department of Local Government Finance.
5. The Department of Local Government Finance (DLGF) issues a written determination on appropriations requiring approval within fifteen (15) days of receipt. The deadline to submit additional appropriation requests to the DLGF is **December 15**. Appropriations are available for use upon receipt of DLGF approval.
6. If appropriations are denied, the unit may request within fifteen (15) days specific reconsideration of determination by the DLGF.
7. The DLGF will respond to a reconsideration request within 15 days of receipt.

WHO CERTIFIES AS THE FISCAL OFFICER:

COUNTIES:	County Auditor
TOWNSHIPS:	Trustee
CITIES:	Controller, Clerk-Treasurer
TOWNS:	Clerk-Treasurer
LIBRARIES:	Director, Treasurer
SCHOOLS:	Superintendent, Business Manager, Treasurer
SPECIAL DISTRICTS:	Treasurer to the Board

TRANSFER OF APPROPRIATIONS

IC 6-1.1-18-6 reads:

- a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:
 - (1) they determine that the transfer is necessary;
 - (2) the transfer does not require expenditure of more money than the total amount set out in the budget as finally determined under this article;
 - (3) the transfer is made at a regular public meeting and by proper ordinance/resolution; and
- b) A transfer may be made under this section without notice and without the approval of the Department of Local Government Finance.

(Note: It is not necessary to file documentation with the DLGF on transfers from one major budget classification to another within a department.)

TRANSFER OF FUNDS TO THE RAINY DAY FUND

Pursuant to IC 36-1-8-5.1:

- a) A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds.
- b) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the rainy day fund, the fiscal body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the original fund.
- c) In any fiscal year, a political subdivision may transfer not more than ten percent (10%) of the political subdivision's total budget for that fiscal year to the rainy day fund.
- d) The Department of Local Government Finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

Transfers to the Rainy Day Fund must be reported to the Department of Local Government Finance (DLGF). Units must submit to the DLGF the resolution/ordinance from the fiscal body approving the transfer. The resolution/ordinance must include the name of each fund and the amount being transferred out of each fund to the Rainy Day Fund. Resolutions/ordinances establishing the Rainy Day Fund must also be submitted to the DLGF.

ADMINISTRATIVE NOTES

1. Questions regarding Additional Appropriations should be directed to the attention of Dan Jones (Assistant Budget Director) or Judy Robertson (Administrative Analyst) at (317) 233-5457.
2. Additional Appropriations to be approved by the Department of Local Government Finance will not be accepted after **December 15** of any year. Units may submit “Reporting Only” appropriations until December 31 of any year.
3. The *Certified Copy of Additional Appropriations* utilizes the computer generated Budget Form 4B (16 line statement), Budget Form 4 (approved appropriations) and Budget Form 2 (miscellaneous revenues) which is provided each unit upon review by the hearing officer during the fall budget certification process.
4. When increasing miscellaneous revenues for Line 4 of the Certified Copy, only show increases in Column B of Budget Form 2 (Miscellaneous Revenue Estimates). Column B must be fully completed and totaled. Be sure to include the form when forwarding the additional appropriation to the DLGF.
5. Encumbrances that are certified on Line 8 of the certified copy are approved appropriations carried forward from a prior year, were supported by a sufficient cash balance for that year, and are evidenced by a contract or purchase order. Appropriations carried forward (encumbrance) should be approved by the unit’s fiscal body prior to start of the year to which carried forward.

How to complete the Certified Copy of Additional Appropriation form

County name: Insert “County Unit”

Unit name: Insert the county name

Date of publication: This provides the Department of Local Government Finance with the dates the Auditor published notice of the additional appropriation. Recall that the additional appropriation must be advertised in two newspapers, if two are available. The dates should be pulled from the newspaper publisher’s affidavit and both dates must be at least ten days before the public hearing.

Newspaper: Provide the name of the publisher of the newspaper advertisement for the additional appropriation. If only one newspaper is used, write not applicable in the second line.

Public hearing: This is the date of the public hearing on the additional appropriation.

Resolution date: This is the date the fiscal body passed the resolution approving the additional appropriation. The resolution date cannot be before the date of the public hearing.

Fund number: This should come from your 16-line statement. Common fund numbers for a county are: 0101 General, 0180 Debt Service, 1312 Park and Recreation, 0706 MVH, 0708 Local Road and Street and 2391 Cumulative Capital Development.

Fund name: Refer to the fund number on your 16-line statement section for the appropriate fund names.

Appropriation request: This should reflect the amount approved by the county council at the additional appropriation hearing.

Amount by reduction: If the county is reducing a line item within a particular fund, it is considered a reduction. The amount reduced by the county council would be placed on this line.

Amount by surplus: This is the appropriation request minus the amount by reduction.

Line 1: Property tax levy. This reflects line 16 from the 16-line statement provided by the Department of Local Government Finance at the fall hearing or the tax rate multiplied by the assessed valuation reflected on the budget order.

Line 2: Levy excess applied. This reflects line 15 of the 16-line statement provided by the Department of Local Government Finance at the fall hearing.

Line 3: PTRC from CAGIT (Line 13). This reflects line 13 of the 16-line statement provided by the Department of Local Government Finance at the fall hearing. If you are a CAGIT county, this line should have an amount placed on it. If your county is non-adopting or COIT, there would be no amount on this line.

Line 4: Miscellaneous Revenue estimate (Line 8B). This is line 8B on the 16-line statement provided by the Department of Local Government Finance at the fall budget hearing. If you are increasing the amount above what was determined at the budget hearing, a revised Form 2, Estimate of Miscellaneous Revenue, must be attached to the Certified Copy of Additional Appropriation supporting the increased requested. If no revised Form 2 is received, your request will be based upon the original miscellaneous revenue form determined by the Department of Local Government Finance.

Line 5: January 1 Cash balance, including investments. This is the cash balance in the appropriate fund as of January 1 of the current year. This figure is taken from the Auditor's ledger book.

Line 6: Total funds available. Simply add the first five lines on the worksheet. This represents total funds available before any appropriations are deducted for this fund.

Line 7: Original Budget. This is line 1 of the 16-line statement provided by the Department of Local Government Finance at the fall budget hearing. The budget amount is also included in the final budget order.

Line 8: Encumbered appropriations. This amount would be any prior year carryovers for a particular fund. An example: \$5,000 in capital outlays were obligated through a purchase order or contract for office equipment but the check will not be written until after January 1. The original appropriation was in place the prior year but the funds were not spent.

Line 9: Total beginning appropriations. Simply add lines 7 and 8. This represents the amount of funds already committed for this fund.

Line 10: Surplus funds (6-9). This represents line 6 of this worksheet minus line 9. These are the funds available before the approval of any additional appropriations during the current calendar year.

Line 11: Amount appropriated since January 1st less any reductions in appropriations. This represents any additional appropriations done in excess of the budget during the current calendar year. It does not include the current year budget.

Line 12: Amount transferred to the Rainy Day Fund. This represents the amount of funds transferred to the rainy day fund from this fund in the current budget year.

Line 13: Surplus funds remaining (10-11). This represents the total amount of uncommitted funds available for appropriation. If the amount on this line exceeds the amount requested, it is likely the additional appropriation will be approved if proper procedure has been followed. If the amount on this line is less than the amount requested, the appropriation approved will be the difference between the two figures.

**SAMPLE
ADDITIONAL APPROPRIATION RESOLUTION/ORDINANCE**

Whereas, It has been determined that it is now necessary to appropriate more money than was appropriated in the annual budget; now, therefore:

Sec.1. Be it ordained (resolved) by the _____
(Governing Body)
of _____, _____ County, that for the expenses of the
(Taxing Unit) (County)
taxing unit the following additional sums of money are hereby appropriated out of the funds
named and for the purposes specified, subject to laws governing the same:

Fund Name: _____	AMOUNT REQUESTED	AMOUNT APPROVED BY FISCAL BODY
Major Budget Classification:		
10000 Personal Services	\$ _____	\$ _____
20000 Supplies	\$ _____	\$ _____
30000 Other Services & Charges	\$ _____	\$ _____
40000 Capital Outlays	\$ _____	\$ _____
TOTAL for _____ Fund:	\$ _____	\$ _____

(Repeat for any other funds)

Adopted this _____ day of _____, 20__.

NAY

AYE

ATTEST:

Secretary of Governing Body

**SAMPLE
ADDITIONAL APPROPRIATION RESOLUTION/ORDINANCE
(APPROPRIATION REDUCTION)**

Whereas, it has been shown that certain existing appropriations now have unobligated balances that will not be needed for the purposes for which appropriated, it is further ordained (resolved) that the following existing appropriations be reduced in the following amounts:

	AMOUNT OF REDUCTION REQUESTED	AMOUNT OF REDUCTION APPROVED BY FISCAL BODY
Major Budget Classification:		
10000 Personal Services	\$ _____	\$ _____
20000 Supplies	\$ _____	\$ _____
30000 Other Services & Charges	\$ _____	\$ _____
40000 Capital Outlays	\$ _____	\$ _____
 TOTAL for _____ Fund:	 \$ _____	 \$ _____

(Repeat for any other funds)

Adopted this _____ day of _____, 20____.

NAY

AYE

ATTEST:

Secretary of Governing Body

SAMPLE
NOTICE TO TAXPAYERS OF ADDITIONAL APPROPRIATIONS

Notice is hereby given the taxpayers of _____, _____ County,
(Name of Taxing Unit) (County)

Indiana that the proper legal officers will consider the following additional appropriations in

excess of the budget for the current year at their regular meeting place at

_____, at _____ o'clock _____ .m., on the _____ day of
(Location)

_____, 20____.

Fund Name: _____

Amount

Major Budget Classification:

10000 Personal Services \$ _____

20000 Supplies \$ _____

30000 Other Services & Charges \$ _____

40000 Capital Outlays \$ _____

TOTAL for _____ Fund: \$ _____

(Repeat for any other funds)

Taxpayers appearing at the meeting shall have a right to be heard. The additional appropriations as finally made will be referred to the Department of Local Government Finance (DLGF). The DLGF will make a written determination as to the sufficiency of funds to support the appropriations made within fifteen (15) days of receipt of a Certified Copy of the action taken.

Dated _____

(Fiscal Officer)

Do not publish the following Instructional Note

Appropriations to be reduced should be named in the published notice; set out separately and not co-mingled with the additional appropriations being requested. The resolution/ordinance adopted by the governing body must separately list each appropriation by fund and classification.

I, _____, _____, of _____,
 _____, _____
 _____, _____ County, Indiana hereby certify

 that on _____, 20____, I did post in three (3) public places located in the
 municipal corporation a copy of the Notice To Taxpayers of Additional Appropriations. The
 notice was in the form attached and made part of this certification.

1) _____

2) _____

3) _____

Date: _____

(Signature - Official Title)

CERTIFIED COPY OF ADDITIONAL APPROPRIATION

COUNTY NAME: _____

UNIT NAME: _____

Date of Publication _____ Newspaper _____

Date of Publication _____ Newspaper _____

Date of Public Hearing _____

Date of Resolution/Ordinance _____

County # _____

Unit # _____

Date Received: _____

Order Number: _____

Complete for each fund from which the additional appropriations are made. Use a separate column for each fund.
Lines referred to below are on the 16 – Line computer statement from the DLGF.

A. DLGF Fund Number				
B. Fund Name				
C. Appropriation Amount Requested				
D. Amount by Reduction				
E. Amount by Surplus (C – D)				
1. Property Tax Levy (Line 16)				
2. Levy Excess (Line 15)				
3. PTRC from CAGIT (Line 13)				
4. Misc. Revenue (Line 8b) (If higher than 8b amount, a revised Budget Form 2 must be attached.)				
5. January 1 Cash Balance (including any investments)				
6. Total Funds (1 + 2 + 3 + 4 + 5)				
7. DLGF Approved Budget				
8. Encumbered Appropriations				
9. Beginning Appropriations (7 + 8)				
10. Surplus Funds (6 – 9)				
11. Amount additionally appropriated since January 1 st less any reductions in appropriations.				
12. Amount transferred to the Rainy Day Fund.				
13. Surplus Funds Remaining (10-11-12)				

I, _____, fiscal officer of _____ do hereby certify
that the above information is true and correct.

Dated this _____ day of _____, 20____

(Signature)

(Title)

(Unit Address)

(Telephone Number)

(City / Town / Zip Code)

(E-mail Address - Optional)